



COUNCILMEMBER DONNA FRYE
City of San Diego
Sixth District

MEMORANDUM

DATE: July 9, 2007

TO: Mayor Jerry Sanders
City Attorney Michael Aguirre
Deputy City Attorney for Disclosure, Mark Blake
City Auditor/COO/CFO, Jay Goldstone
SEDC President, Carolyn Smith

FROM: Councilmember Donna Frye

SUBJECT: July 3, 2007 Memorandum from Carolyn Smith regarding the 2007
SEDC Tax Allocation Bonds

On July 3, 2007, my office received a memorandum from Carolyn Smith, President of SEDC, regarding the 2007 Official Statement for the Bond Issuance. The following questions/issues remain to be answered.

1. Please provide a copy of the legal documentation/opinion citing the specific statutes that support SEDC's contention that the debt limit for each project area need not include:
 - a.) The debt (including interest that will accrue) owed to the City of San Diego
 - b.) The interest on the bonds
2. On page 29 of the Official Statement, Table 1, the fourth column is titled ***Tax Increment Revenue Limit***. For each project area within SEDC, please provide a list of all current debt types and amounts that would be counted against the Tax Increment Revenue Limit.
3. SEDC has outstanding debt that it owes to the Redevelopment Agency. The Redevelopment Agency is required to repay that debt to the City of San Diego (both principal and interest). According to the most current information available as of June 30, 2006, in the SEDC Administered Project Areas there is currently \$71, 698,972 in debt owed by SEDC to the Redevelopment Agency. Please provide a copy of the loan repayment schedule for all SEDC Project Areas' debt owed to the City of San Diego by the Redevelopment Agency, the percent of interest and the funding source for that debt.

4. The debt owed to the city by the Redevelopment Agency on behalf of SEDC is accruing interest and that should be disclosed in the Official Statement for each SEDC Project Area, under the heading "Outstanding Debt."

CC: Honorable City Councilmembers
Independent Budget Analyst, Andrea Tevlin